

Firefighter's Pension

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<http://www.seattle.gov/firepension/>

Department Overview

The Firefighters' Pension Fund (FPEN) provides pension and medical benefit services to eligible firefighters, active and retired, and their beneficiaries. FPEN is a closed plan that only covers firefighters who were hired before October 1, 1977. Retiree benefits for firefighters hired more recently are primarily covered through a separate state-managed plan.

Management of firefighter benefits funds transitioned in the 1970s from local to state control. Prior to that time, the City paid into FPEN to provide for firefighter retiree benefits. In March 1970, the state created the Law Enforcement Officers and Fire Fighters Retirement System Plan 1 (LEOFF 1). Seattle firefighters hired between March 1970 and October 1977 enrolled in LEOFF 1, but also received additional benefit coverage through FPEN. As a result, this group of firefighters receives retiree benefits primarily from the state's LEOFF 1 plan, but also any earned increment from the City's FPEN that exceeds LEOFF 1 coverage. Both FPEN and LEOFF 1 closed to new enrollees in October 1977. Firefighters hired after that date enroll in the state's LEOFF 2 plan and do not receive benefits from FPEN.

The Seattle Firefighters' Pension Board is a five-member quasi-judicial body chaired by the Mayor or his/her designee, which formulates policy, rules on disability applications, and provides oversight of the Firefighters' Pension Fund. Four staff employees of the board handle all of its operational functions. Staff positions associated with Firefighters' Pension Fund are not reflected in the City's position list.

The projections of annual pension and medical benefits, which comprise about 97% of the total annual FPEN budget, are based on the forecasts of an independent actuary. The Firefighters' Pension Fund has two statutory funding sources:

- The first is a component of the City's property tax levy. These revenues are placed in the City's General Fund, which funds the Fire Pension Fund's annual budget.
- The second is the state fire insurance premium tax.

These statutory funding sources are in addition to other smaller funding sources that support the Firefighters' Pension Fund obligations. The Firefighters' Pension Fund includes two funds: the Fire Pension Fund, which pays current pension, medical, and death benefits; and the Actuarial Account, which was established by [Ordinance 117216](#) in 1994 to accumulate a balance sufficient to pay all future pension liabilities of the fund by 2028.

Budget Snapshot

	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
Department Support				
Other Funding - Operating	23,212,453	23,037,831	26,470,724	27,481,658
Total Operations	23,212,453	23,037,831	26,470,724	27,481,658
Total Appropriations	23,212,453	23,037,831	26,470,724	27,481,658
Full-Time Equivalents Total*	4.00	4.00	4.00	4.00

* FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here.

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Budget Overview

The Firefighters' Pension Fund (FPEN) receives almost all of its revenue from the City's General Fund. FPEN's expenditures pay the legally mandated pension and medical benefits, including long-term care, to eligible retired firefighters and qualified beneficiaries. Most of FPEN's retirees are represented by either Local 27 (firefighters' union) or Local 2898 (fire chiefs' union) and their total pension benefits are increased annually with a cost-of-living adjustment equal to the negotiated annual wage increases (AWI) for the active union members at the Seattle Fire Department and then offset by benefits paid by the state's Law Enforcement Officers and Fire Fighters (LEOFF 1) pension plan which has its own annual growth rate.

In November 2016, Council passed Ordinance 125190 which requires an actuarially determined level payment amount from the City to the FPEN Fund each year to cover pension benefit costs. Any remaining difference between the payment amount and actual pension benefit costs is transferred to the Actuarial Account for FPEN's future pension obligations. The account is invested in a portfolio managed by the Department of Finance and Administrative Services (FAS). The 2025-2026 Proposed Budget assumes an annual rate of return of 5.5% on the investment portfolio and that the returns are continuously reinvested.

The 2025 Proposed Budget increases \$3.4 million (14.9%) from the 2024 Adopted Budget. Budget appropriations for 2026 increase \$1.01 million (3.8%). As described below, this biennium's appropriations have undergone some "right-sizing" across pension and medical and long-term care expenditure accounts to better capture expected annual costs in each account. As usual, the budget includes amounts to make the required transfer to the Actuarial Account to achieve the City's goal to fully fund all future pension liability for the fund by the end of 2028.

Incremental Budget Changes

Firefighter's Pension

	Dollars	FTE
2024 Adopted Budget	23,037,831	4.00
Baseline		
Citywide Adjustments for Standard Cost Changes	(17,176)	-
Proposed Operating		
Final Adjustments for Standard Cost Changes	(16,052)	-
FPEN Revenue and Expenditure Adjustments	3,466,121	-
Actuarial Account Transfer	-	-
Total Incremental Changes	\$3,432,893	-
Total 2025 Proposed Budget	\$26,470,724	4.00

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Description of Incremental Budget Changes

Baseline

Citywide Adjustments for Standard Cost Changes

Expenditures \$(17,176)

Citywide technical adjustments made in the baseline phase reflect changes to internal services costs, including rates from the Department of Finance & Administrative Services, Seattle Information Technology Department, Seattle Department of Human Resources, and for healthcare, retirement, and industrial insurance charges for the department. These adjustments reflect initial assumptions about these costs and inflators early in the budget process.

Proposed Operating

Final Adjustments for Standard Cost Changes

Expenditures \$(16,052)

Citywide technical adjustments made in the proposed phase reflect changes to internal services costs, including rates from the Department of Finance & Administrative Services, Seattle Information Technology Department, Seattle Department of Human Resources, and for healthcare for the department. These adjustments reflect final decisions about these costs made during the Proposed Phase of the budget process.

FPEN Revenue and Expenditure Adjustments

Expenditures \$3,466,121

Revenues \$3,432,893

This item adjusts expenditure and revenue amounts in the Firefighters' Pension Fund to meet the projected costs for pension, medical and long-term care costs in 2025 and 2026. In 2025, it increases total costs approximately \$3.4 million from the 2024 Adopted Budget. \$3.1 million of this change is attributable to steady medical and long-term care cost increases. Higher medical and long-term care costs are expected as eligible firefighters and fire chiefs covered by this closed pension plan increase in age. Pension payment amounts have increased due to the wage agreements for Local 27 firefighters and 2898 fire chiefs, Despite this increase, appropriations for pension payments have declined in the 2025-2026 Proposed Budget, reflecting an adjustment of the appropriations back to annually expected payment amounts rather than amounts containing an excess used to build up fund balance sufficient in 2024 to meet the one-time retroactive pension payment costs that came with the union wage agreements. Additionally, and offsetting the \$1.1 million pension appropriation decrease just described, the required annual transfer to the FPEN Actuarial Account has increased approximately \$1.4 million.

Actuarial Account Transfer

Revenues -

This item provides the corresponding entries for the annual contribution from the Firefighters' Pension Fund (61040) to the Firefighters' Actuarial Fund (61050). This transfer amount of \$2.54 million in 2025 and \$2.62 million in 2026 is made with the goal of fully funding all remaining pension liability of the fund by the end of 2028.

Firefighter's Pension

Expenditure Overview

	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
Appropriations				
FPEN - BO-FP-R2F01 - Firefighters Pension				
61040 - Fireman's Pension Fund	23,212,453	23,037,831	26,470,724	27,481,658
Total for BSL: BO-FP-R2F01	23,212,453	23,037,831	26,470,724	27,481,658
Department Total	23,212,453	23,037,831	26,470,724	27,481,658
Department Full-Time Equivalents Total*	4.00	4.00	4.00	4.00

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Budget Summary by Fund Firefighter's Pension

	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
61040 - Fireman's Pension Fund	23,212,453	23,037,831	26,470,724	27,481,658
Budget Totals for FPEN	23,212,453	23,037,831	26,470,724	27,481,658

Revenue Overview

2025 Estimated Revenues

Account Code	Account Name	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
335130	Fire Insur Premium Tax	1,381,825	1,401,625	1,471,907	1,550,998
360430	Employr Pnsn Contributions	20,128,428	20,131,305	25,168,305	25,499,305
360900	Miscellaneous Revs-Other Rev	-	430,000	420,000	410,000
Total Revenues for: 61040 - Fireman's Pension Fund		21,510,253	21,962,930	27,060,212	27,460,303
400000	Use of/Contribution to Fund Balance	-	1,074,901	(589,488)	21,355
Total Resources for:61040 - Fireman's Pension Fund		21,510,253	23,037,831	26,470,724	27,481,658
397010	Operating Transfers In	2,156,938	1,116,000	2,537,000	2,618,000
Total Revenues for: 61050 - Fireman's Pension Actuarial		2,156,938	1,116,000	2,537,000	2,618,000
400000	Use of/Contribution to Fund Balance	-	(1,116,000)	(2,537,000)	(2,618,000)
Total Resources for:61050 - Fireman's Pension Actuarial		2,156,938	-	-	-
Total FPEN Resources		23,667,191	23,037,831	26,470,724	27,481,658

Firefighter's Pension

Appropriations by Budget Summary Level and Program

FPEN - BO-FP-R2F01 - Firefighters Pension

The purpose of the Firefighters' Pension Budget Summary Level is to provide benefit services to eligible active and retired firefighters and their lawful beneficiaries.

Program Expenditures	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
Death Benefits	215,087	19,000	19,000	19,000
Leadership and Administration	976,288	982,591	994,724	1,024,658
Long-Term Care	3,275,476	-	-	-
Medical Benefits	11,262,509	12,500,000	15,600,000	16,500,000
Pensions	7,483,092	9,536,240	9,857,000	9,938,000
Total	23,212,453	23,037,831	26,470,724	27,481,658
Full-time Equivalents Total*	4.00	4.00	4.00	4.00

**FTE totals are provided for informational purposes only. Changes in FTEs resulting from City Council or Human Resources Director actions outside of the budget process may not be detailed here*

The following information summarizes the programs in Firefighters Pension Budget Summary Level:

Death Benefits

Expenditures/FTE	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
Death Benefits	215,087	19,000	19,000	19,000

Leadership and Administration

Expenditures/FTE	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
Leadership and Administration	976,288	982,591	994,724	1,024,658
Full Time Equivalents Total	4.00	4.00	4.00	4.00

Long-Term Care

Expenditures/FTE	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
Long-Term Care	3,275,476	-	-	-

Medical Benefits

Expenditures/FTE	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
Medical Benefits	11,262,509	12,500,000	15,600,000	16,500,000

Firefighter's Pension

Pensions

Expenditures/FTE	2023 Actuals	2024 Adopted	2025 Proposed	2026 Proposed
Pensions	7,483,092	9,536,240	9,857,000	9,938,000